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7 BEFORE THE WASHINGTON STATE
8 OFFICE OF THE INSURANCE COMMISSIONER

9 IN THE MATTER OF THE
10 APPLICATION REGARDING THE
11 CONVERSION AND ACQUISITION OF
12 CONTROL OF PREMIER BLUE CROSS
13 AND ITS AFFILIATES,

No. G02-45

DECLARATION OF ELLIE MENZIES

14 _____
15 WASHINGTON CITIZEN ACTION,
16 WELFARE RIGHTS ORGANIZING
17 COALITION, AMERICAN LUNG
18 ASSOCIATION OF WASHINGTON,
19 NORTHWEST FEDERATION OF
20 COMMUNITY ORGANIZATIONS,
21 NORTHWEST HEALTH LAW
22 ADVOCATES, SERVICE EMPLOYEES
23 INTERNATIONAL UNION
24 WASHINGTON STATE COUNCIL, THE
25 CHILDREN'S ALLIANCE,
26 WASHINGTON ACADEMY OF FAMILY
PHYSICIANS, WASHINGTON
ASSOCIATION OF CHURCHES,
WASHINGTON PROTECTION AND
ADVOCACY SYSTEM AND
WASHINGTON STATE NOW,

Applicants for Intervention.

1 I, Ellie Menzies, declare:

2 1. I am the Executive Director of the Service Employees International
3 Union (SEIU) Washington State Council. The Service Employees International Union
4 (SEIU) has been active in the area of conversions of non-profit hospitals and health
5 plans to for-profit status in other states, including California and Missouri, and SEIU
6 has also been active in limiting the privatization of public hospitals. As a labor union
7 representing a wide range of workers—from low-wage janitors and home care
8 workers, to higher wage registered nurses and other professionals—SEIU advocates for
9 the provision of high-quality, accessible, cost-effective health care. SEIU Washington
10 State Council will have access to the knowledge and expertise of the International
11 during its participation in the proposed Premera adjudicative hearing.

12 2. SEIU Washington State Council represents the interests of SEIU
13 local unions representing nearly 60,000 workers across Washington state. Most of
14 SEIU's members work in healthcare. Thirty thousand are low-wage workers in long-
15 term care services including home-care and nursing homes. Sixteen thousand work in
16 acute care hospitals, home health and mental health. Six thousand are registered
17 nurses. Over 10,000 are in the public sector including state and school employees. SEIU
18 also represents building services workers and security guards in Washington.

19 3. Based upon my knowledge and belief, SEIU Washington State
20 Council's members include Premera subscribers, enrollees, and contract holders, such
21 as individuals who are enrolled in Premera through Medicaid, the Basic Health Plan,
22 the individual insurance market and through the benefits provided to public
23 employees. Some of SEIU Washington State Council's members, such as nurses and
24 home health care workers, may also be contracting providers with Premera.

25 4. Many SEIU members will be affected by the proposed conversion
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1 of Premera Blue Cross as subscribers, enrollees and contract holders. A majority of the
2 twenty-eight thousand homecare workers represented by SEIU, and the health care
3 consumers that they serve, depend on public programs like the Basic Health Plan and
4 Medicaid Managed Care. These programs contract with Premera as well as other
5 health plans; but in some parts of Washington state, Premera is the only plan available.

6 5. SEIU Washington State Council's members who are state
7 employees through the Public Employees Benefits Board also rely heavily on Premera
8 to provide for their healthcare, and in some parts of the state Premera is the only plan
9 available to them.

10 6. As providers of healthcare, SEIU members experience the effects of
11 the rising costs of healthcare and the growing number of uninsured and underinsured
12 in their work. The for-profit Premera's efforts to produce profits for its shareholders
13 may impact the contract rates paid to SEIU members that provide care to Premera
14 enrollees. SEIU's members have a significant interest in protecting the rates paid to its
15 members who are Premera providers.

16 7. SEIU members also have a significant interest in the conversion of
17 Premera to "for-profit" because the transaction could have serious implications on
18 market conditions. It could drive up prices and possibly limit access to healthcare for
19 SEIU members, their families, communities, and their patients. It also could have
20 implications for hospitals where SEIU members work in terms of reduced
21 reimbursement for costs and therefore the amount and quality of services provided. As
22 a result, SEIU Washington State Council has a significant interest in the outcome of
23 Premera Blue Cross's application for conversion on cost and access to healthcare.

24 8. SEIU Washington State Council's members have a significant
25 interest in the protection and management of the Premera Blue Cross assets if such an
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1 application for conversion were to be approved. SEIU's members are beneficiaries of
2 the nonprofit assets held by Premera Blue Cross. Because of their direct, daily
3 involvement in the health system, particularly as it serves low-income and disabled
4 individuals, SEIU's members have a substantial interest in how the funds from any
5 Premera Blue Cross conversion will be dedicated.

6 9. SEIU Washington State Council has long been involved in the
7 protection of the public health and public assets involved in health care conversions. In
8 1997, SEIU Washington State Council was one of the prime supporters of Senate Bill
9 5227, which governed the conversion of hospitals from nonprofit to for-profit status.
10 State Representative Eileen Cody, a SEIU member, sponsored the companion bill in the
11 House, HB 1336. The legislation passed unanimously in the Senate and
12 overwhelmingly in the house, and was enacted into law, due in significant part to
13 SEIU's advocacy on this issue. Today, Washington's Hospital Conversion law stands
14 as one of the most comprehensive in the country. SEIU Washington State Council has
15 also supported efforts to enact Health Care Conversion legislation.

16 10. SEIU Washington State Council has developed substantial
17 expertise in health care conversion issues due to its past legislative activity on the issue.
18 This substantial expertise is further informed by the experience of the national SEIU.

19 11. SEIU Washington State Council, together with the other ten
20 consumer and provider groups that have jointly intervened, intends to conduct an
21 analysis of the health impact of the Premera conversion. SEIU Washington State
22 Council and the other ten groups will need to be provide sufficient access to discovery
23 in order to conduct the health impact analysis and evaluation necessary to protect the
24 public's interest in the conversion of Premera Blue Cross.

1 I declare under penalty of perjury of the laws of the State of Washington
2 that the foregoing is true and correct.

3 DATED this ____ day of November, 2002, at Seattle, Washington.
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6 Ellie Menzies
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